GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1071
ANSWERED ON:23.11.2001
ABOLITION OF BIFR
PRABHAT KUMAR SAMANTARAY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have a proposal to abolish the Board for industrial and Financial Reconstruction (BIFR) and replace it by a new body;

(b) if so, the reasons therefor; and

(c) the time by when it is likely to be done?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) Yes, Sir.

(b) and (c) The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) under which BIFR was set up has not effectively addressed the problem of industrial sickness. The deficiencies noticed in the operation of SICA inter-alia included:

Restrictive definition of sickness;

Slow pace of BIFR intervention; and

Delays in winding up of sick companies.

A Bill, namely Sick Industrial Companies (Special Provisions} Repeal Bill, 2001 to repeal SICA was introduced in Lok Sabha on 30.8.2001. Simultaneously another Bill, namely, Companies (Amendment) Bill, 2001 has also been introduced inter-alia providing for setting up of a National Company Law Tribunal with the powers currently exercised by(a) Company Law Board (CLB) (b) High Courts regarding winding up of Companies and amalgamation schemes; and (c) BIFR/AAIFR under Sick Industrial Companies (Specia Provisions) Act, 1985.